

April Showers

Stocks continued their decline for the third consecutive week. For the week, the S&P 500 Index was -3.0%, the Dow was flat, and the NASDAQ was -5.4%. Within the S&P 500 Index, the Utility, Consumer Staples, and Financial sectors had gains for the week, while the Technology, Consumer Discretionary, and Real Estate sectors had the largest declines. The 10-year U.S. Treasury note yield increased to 4.614% at Friday's close versus 4.521% the previous week.

The downward pressure on the market has been caused by a concern the potential for an easing of monetary policy by the Federal Reserve keeps slipping further away. On Tuesday, Fed Chairman Jerome Powell indicated it was taking longer for Fed officials to gain confidence that enough progress was being made on reducing inflation and that the Fed would leave interest rates at current levels until they did. The probability for an initial rate cut is in September. A key economic event this week is the release of the March Personal Consumption Expenditures (PCE) Price Index scheduled for Friday.

We are entering the prime part of the first quarter earnings reporting period with 158 companies in the S&P 500 Index scheduled to report earnings this week. The current first quarter consensus forecast for the S&P 500 Index is 0.5% earnings growth with revenue growth of 3.5%. Full-year 2024 earnings for the S&P 500 Index are expected to grow by 10.7% with revenue growth of 5.0%.

In our *Dissecting Headlines* section, we look at technical analysis levels for the major market indices.

Financial Market Update

| | <u>Weekly Return</u> | <u>YTD Return</u> | | <u>Weekly Return</u> | <u>YTD Return</u> |
|-----------------------------------|----------------------|-------------------|-----------------------------|----------------------|-------------------|
| S&P 500 Index | -3.0% | 4.6% | Aggregate Bond Index | -0.5% | -2.6% |
| Dow Jones Industrial Average | 0.0% | 1.4% | U.S. Dollar Index | 0.1% | 4.8% |
| NASDAQ 100 | -5.4% | 1.5% | WTI Crude Oil | -2.9% | 16.0% |
| Russell 2000 (Small Cap Index) | -2.8% | -3.5% | Gold | 2.0% | 15.8% |
| International Stocks (MSCI ex-US) | -2.5% | 0.4% | Real Estate (US REIT Index) | -3.0% | -8.1% |

Sources: S&P Global, FactSet

Dissecting Headlines: Technical Analysis Levels

Over the past three weeks, the S&P 500 Index has declined 5.4%. The index level from three weeks ago was also the closing high for the current cycle. Last week's decline took the index below its 50-day moving average. A moving average is an indicator that calculates the average price of an index or other security over a specified period of time. They also serve as dynamic support and resistance levels. In the case of the S&P 500 Index, its current price level of 4,967.23 fell below the 50-day moving average of 5,118.31. It is still above the 200-day moving average of 4,674.08. The 50 and 200-day moving averages are popular indicators of the intermediate and longer-term trends in the market. A decline to the 200-day moving average would be an additional 5.9% decline.

The Dow Jones Industrial Average is down 4.5% over the past three weeks. Its current price level of 37,986.40 is also below its 50-day moving average of 38,817.25. It is still above its 200-day moving average of 36,214.55. The NASDAQ 100 Index is down 6.6% over the past three weeks. Its current price level of 17,037.65 is below its 50-day moving average of 17,972.47 and above its 200-day moving average of 16,266.58.

For all three major indices we can see that the short to intermediate trend is negative as prices appear to be correcting after a healthy upward move in the first quarter of the year. All three indices remain positive for the year with the S&P 500 +4.6%, the Dow +1.4%, and the NASDAQ 100 +1.5%. Pullbacks can be healthy as they both remove some short-term speculation and create entry-points for longer term investors.

If the three market indices seem to have similar patterns, it is because they have many overlaps of the same stocks in each index. It is also because they are being impacted by the same economic and geopolitical events.

The NovaPoint Team



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Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked as an equity research analyst at Merrill Lynch and ABN Amro. Before beginning his investment career, Joe was an Infantry officer in the U.S. Army. Joe holds a BS from the U.S. Military Academy at West Point and an MBA from the University of Chicago. He is both a Chartered Financial Analyst (CFA) and a Chartered Market Technician (CMT).



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Alan has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a fixed income manager at both Spectrum Advisory Services and a private family office. Alan was also with the Bank Group division of Countrywide Capital Markets where he developed balance sheet strategies for depository institutions. He holds a BS in Banking and an MBA in Finance from Nova Southeastern University. Alan is an endurance athlete and three-time IRONMAN finisher.



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Frederick has over 30 years of experience in the investment management industry. Prior to joining NovaPoint, Frederick was a Partner and Investment Advisor at Brightworth where he advised high net worth investors. Frederick began his investment career in 1991 at Balentine & Co where he rose to Partner. He also co-founded and served as Chief Investment Officer at Wright Investment Management and at Smith & Howard Wealth Management. Prior to beginning his investment career, Frederick served as an Engineer officer in the U.S. Army. He holds a BS from the U.S. Military Academy at West Point and an MBA from Emory University. Frederick is a Chartered Financial Analyst (CFA).



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Steven is a Vice President at NovaPoint. Prior to joining NovaPoint, Steven's financial experience includes corporate finance at The Home Depot, contributing on Seeking Alpha, and leading investments in real estate projects. Prior to starting his business career, he served in the U.S. Army as a Special Forces Medic with 1st Special Forces Group. Steven is currently attending the Georgia Institute of Technology, Scheller College of Business for his MBA. He also has a Master of Science in Finance degree from Auburn University and a Bachelor of Science in Mechanical Engineering degree from Georgia Southern University. He is currently a member of a local Special Forces Association Chapter.

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